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USSR-SYRIA: Moscow has extended new economic aid and possibly additional military assistance to Damascus, according to the communiqué issued at the end of Deputy Premier Mazurov's visit.

The economic agreement provides for unspecified Soviet credits to Syria's oil industry, railroads, and water development projects. The communiqué also indicates that "feasible steps for promoting" Syria's defense capability were discussed.

On the political side, Moscow's penchant for formalizing relations was reflected in the signing of an agreement—the first ever to regulate contacts between the Soviet Communist party and the Baathists. The Soviets expressed satisfaction with the recent "democratic changes" in the country, and urged a continuation of Arab efforts to unify on a "democratic and anti-imperialist" basis. The Soviets did not, however, specifically endorse the Confederation of Arab Republics, and the Syrians could not be persuaded to approve the idea of a political settlement of the Middle East crisis. (SECRET NO FOREIGN DISSEM)

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ITALY: Parliamentary defeat of Giulio Andreotti's nine-day-old government on 26 February is another step toward general elections, probably in May.

The Christian Democrats, the Liberals, and a German language splinter party voted to uphold the single-party, Christian Democratic government which lost 158 to 151. Speculation that the neo-fascist Italian Social Movement would provide Andreotti a winning margin proved unfounded.

President Leone is expected to recognize the unlikelihood of finding any government to rule until the end of the present legislature in 1973, and hence probably will dissolve parliament and call for new elections. Such elections would have to take place within 70 days of the dissolution of parliament.

The Christian Democrats have sought for weeks to set the scene for early elections—in part because a redistricting based on the 1971 census could cut their parliamentary strength next year. Furthermore, the outlook for a substantial pickup in the domestic economy, control of inflation, or containment of labor unrest this year is relatively gloomy. As the principal government party, the Christian Democrats would be blamed for failing to improve economic conditions.

The dissolution of parliament automatically postpones for at least a year a pending referendum to abrogate the country's divorce law. Italian political leaders think that only the neo-fascist party will benefit from the referendum. (CONFIDENTIAL)

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FERU-CUBA-OAS: Peruvian Foreign Minister de la Flor apparently intends to raise the question of reintegrating Cuba into the Inter-American system at the OAS ministerial meeting in April.

De la Flor recently asked the US ambassador about a possible change in US policy toward Cuba. Despite the ambassador's denial, the foreign minister apparently believes that the US intends to make a dramatic about-face. He does not want Peru to be caught short in such a situation. According to the Peruvian ambassador to the US, de la Flor has contended that the states of Louisiana and Florida are pushing for a change in US policy because of the increased "stop-over" tourist trade that diplomatic relations with Cuba would generate.

Last December, Peru proposed that the OAS resolution provide for freedom of action in restoring diplomatic and commercial ties with Cuba. Peru was surprised by the strength of the opposition that developed at that time. There is no indication that this situation has changed markedly, but de la Flor apparently intends to persist in trying to modify OAS resolutions against Cuba. (CONFIDENTIAL NO FOREIGN DISSEM)

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EL SALVADOR: The Legislative Assembly has confirmed Colonel Arturo Armando Molina as president-elect, ending the controversy over the outcome of the 20 February election.

The Central Electoral Council announced Friday afternoon that Molina, the governing party's candidate, had edged out his nearest rival, the leftist coalition candidate Mapoleon Duarte, by approximately 10,000 votes—less than a majority. The legislature then met to decide between the two men and, following what the US Embassy describes as a stormy session, voted 31 to 21 for Molina.

Duarte had piled up a heavy lead in the department of San Salvador, and would have on the election with a 9,000-vote plurality had the council not announced the discovery of roughly the same number of uncounted Molina ballots in outlying districts. Many of Duarte's supporters have charged that the outcome was rigged. Duarte has accused the government of fraud but has pleaded with his partisans to avoid violence.

The inclusion of a Communist-controlled party in Duarte's coalition plus his campaign attacks on the military helped to unite the officer corps behind the government. With this backing, the government probably can handle any disorders. (SECRET NO FOREIGN DISSEM)

NOTES

Vang Pao's irregulars east of the Plaine des Jarres are encountering stiff enemy resistance. The North Vietnamese have reacted strongly to the threat posed by the task force targeted against 130-mm. guns and supply caches along the southern edge of the Plaine. Hard hit several times in the past few days, the task force retreated into the foothills east and southeast of the Plaine on 24 The other three task forces have made February. little forward progress and report ground and shelling attacks against them. One of the groups, however, has occupied high ground overlooking Route 4, a heavily used supply artery east of the Plaine, and is directing air strikes against enemy trucks and supply areas on the road. (SECRET NO FOREIGN DISSEM)

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GATT: Key delegates, meeting informally, have reached general agreement on terms of a GATT declaration on future trade negotiations. The declaration commits them to seek every opportunity to settle current trade problems during 1972 while laying the groundwork for multilateral, comprehensive negotiations to begin in 1973 if GATT members are able to obtain the necessary negotiating authority. while, the Committee on Trade in Industrial Products probably will meet in late March to continue work on non-tariff barriers and to develop specific apgroaches to the 1973 negotiations. Representatives of the less developed countries, however, want the declaration to cover their specific problems more fully, and they may delay approval. (CONFIDENTIAL NO FOREIGN DISSEM)

SUDAN: Government-rebel negotiators reportedly have set forth their positions for a settlement which still must be approved by Sudanese President Numayri and rebel leaders. Before the talks there was considerable dissension among the rebel leaders over demands to be made on Khartoum. This dispute and other hurdles could slow the coming of any accord, but one of Numayri's priority objectives has been to find a way to end the insurgency accompanying the generations-old drive by the south for regional autonomy. (SECRET NO FOREIGN DISSEM)

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BURUNDI-CHINA: The resumption of diplomatic relations last October has been followed by Chinese economic and military aid agreements. The Chinese reportedly are to build a road from Bujumbura to Burundi's source of the Nile and finance the construction of a hydroelectric complex near the capital, under an economic aid agreement signed in early January. The Chinese also will draw up plans for development of a sparsely populated region in southeastern Burundi near the Tanzanian border. The first contingent of Chinese personnel is scheduled to arrive next month to begin preliminary work on the road. The Chinese also will provide some military aid, including the construction of four military camps at a cost of about \$2.3 million. (SECRET NO FOREIGN DISSEM)

NIGERIA: The final installment of \$100 million has been made on Lagos' import payments backlog. The backlog resulted largely from increased military imports and lower export earnings during the civil war in 1967-1970 and reached about \$600 million before payments were frozen in April 1971. Since then, Lagos has made periodic payments, and the final installment was made ahead of schedule. The aarly payment has been made possible largely by increased oil revenues, which probably will be \$150 million in March. (CONFIDENTIAL)